

# **UNDERGROUND STORAGE TANK CLEANUP FUND UPDATE**

State Water Resources Control Board

June 18, 2013

# TOPICS

1. FUND HEALTH
2. CLAIM STATUS
3. RECENT CHANGES
4. LOOKING FORWARD

# UST CLEANUP FUND

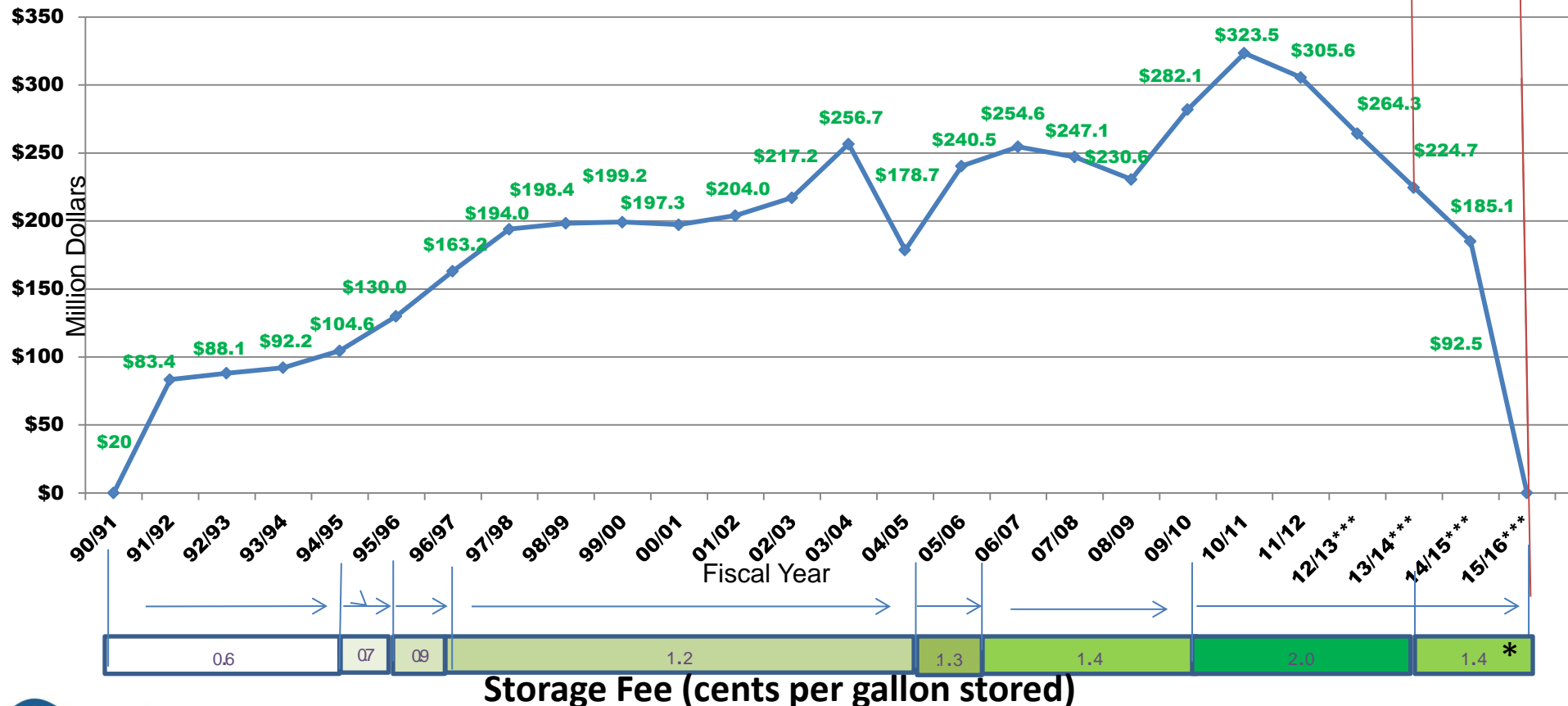
## Storage Fee Revenues

END FEE  
BUMP \*

**FUND  
SUNSET  
1/1/2016**

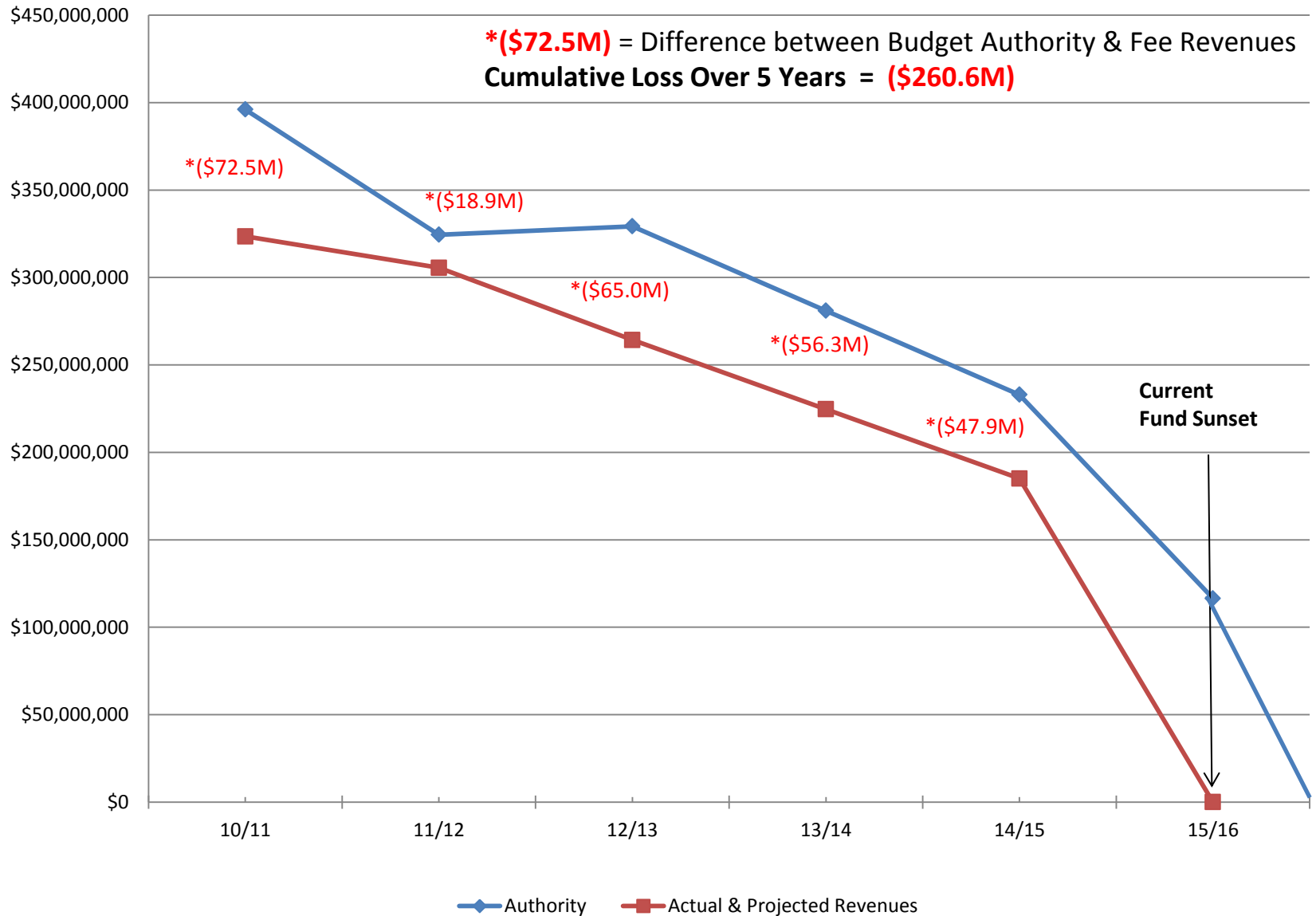
—\$M \*\*\*Projected

\$204 Revenues Collected

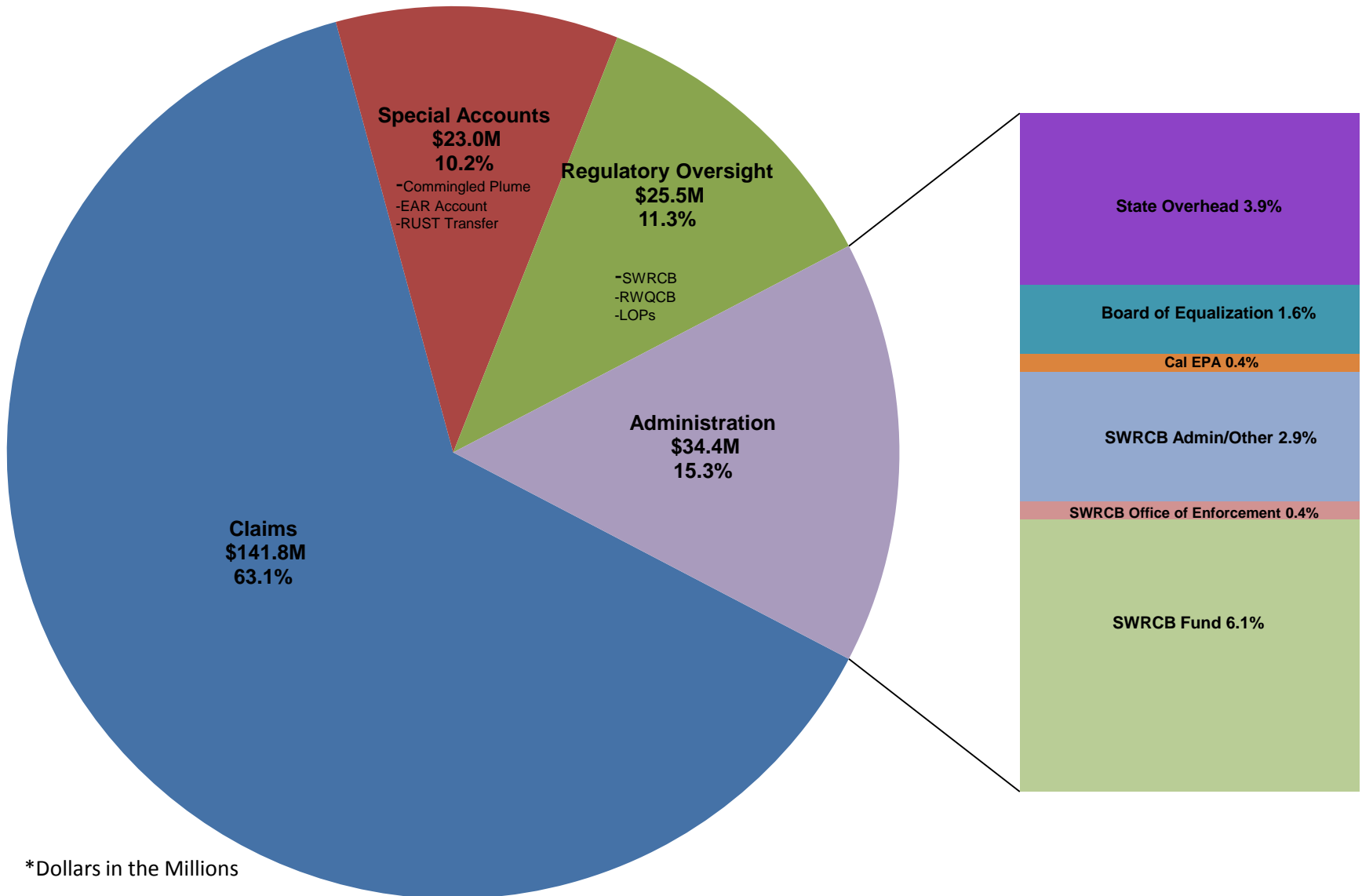


\*Shows current sunset of fee increase

# BUDGET AUTHORITY vs. STORAGE FEE REVENUES



# UST CLEANUP FUND FY 13/14 BUDGET (\$225 M)

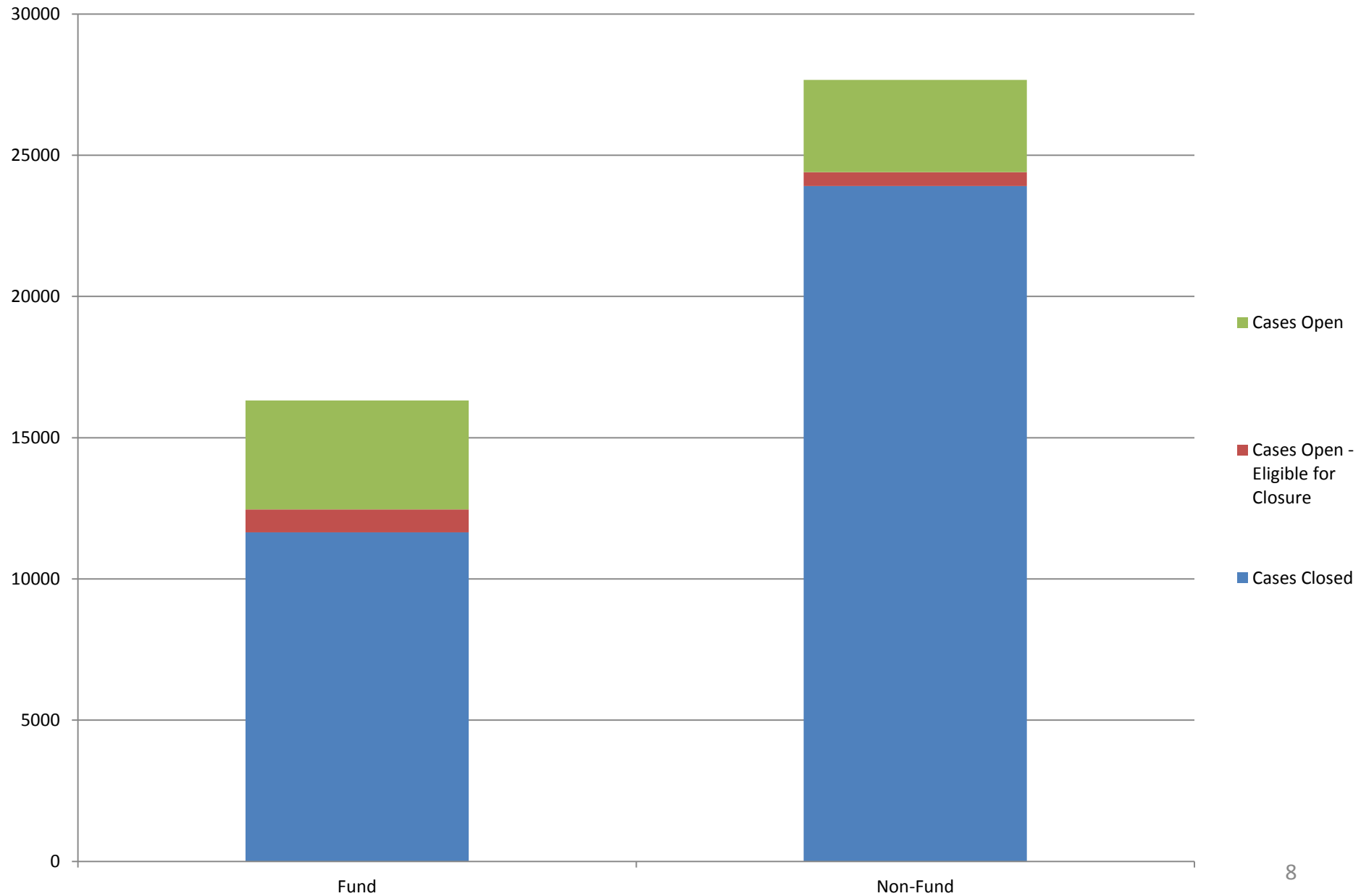


## 2. CLAIM STATUS

# UST “Case” vs “Claim”

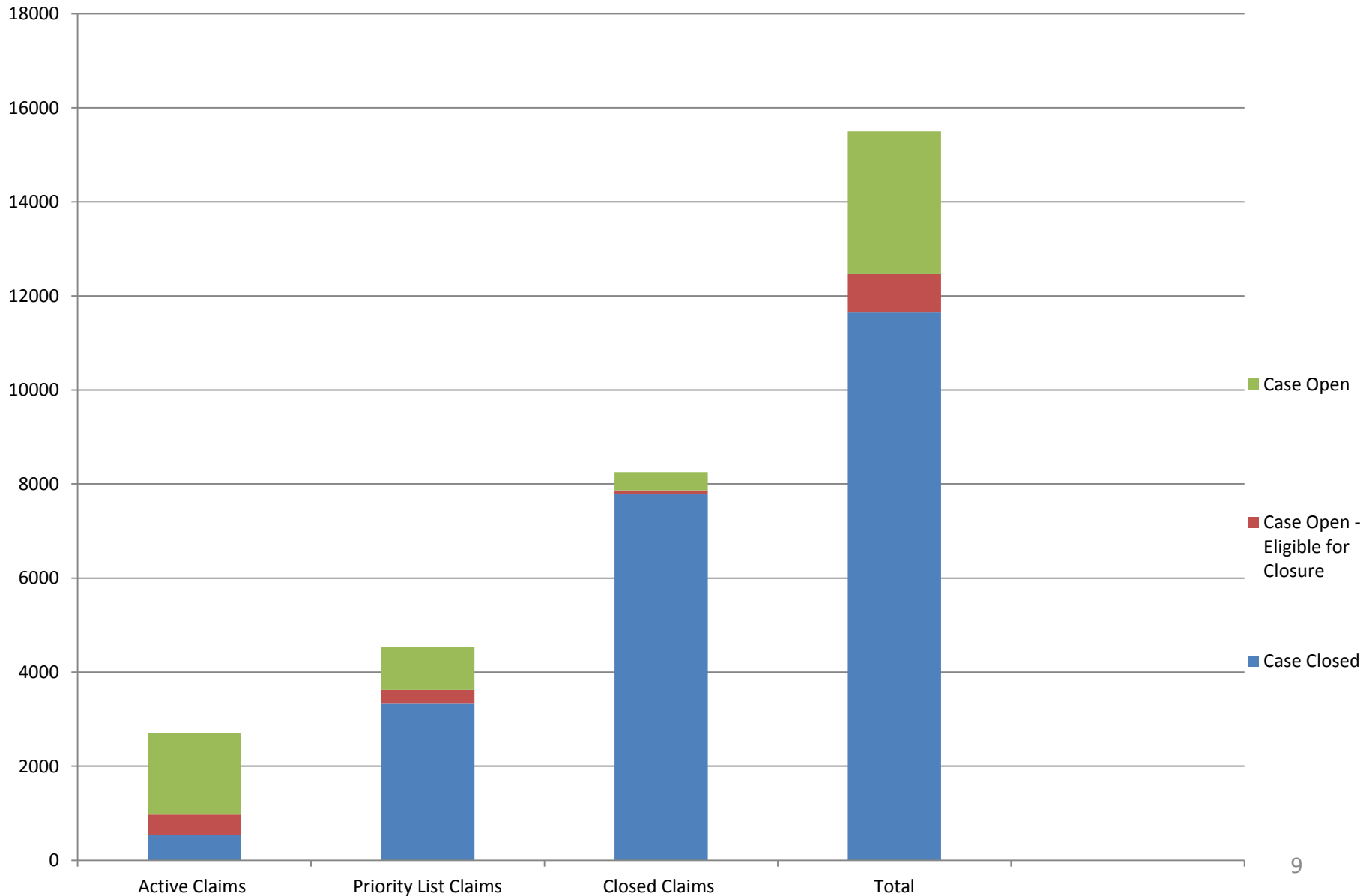
- Case = UST release site / project to clean it up
- 6,423 open UST cases (other than Dept. of Defense)
- Claim = for cases eligible for the UST Cleanup Fund, “a submittal to the Fund for the reimbursement of costs incurred due to an occurrence...”
- UST Cleanup Fund maximum = \$1,500,000 per occurrence per claim
- ~ 2,700 claims active; ~ 4,500 on waiting list (as of 6/1/13)
- Claims can be for either open cases or closed cases
- # of claims ~ # of cases with claims

# CASE STATUS: FUND & NON-FUND

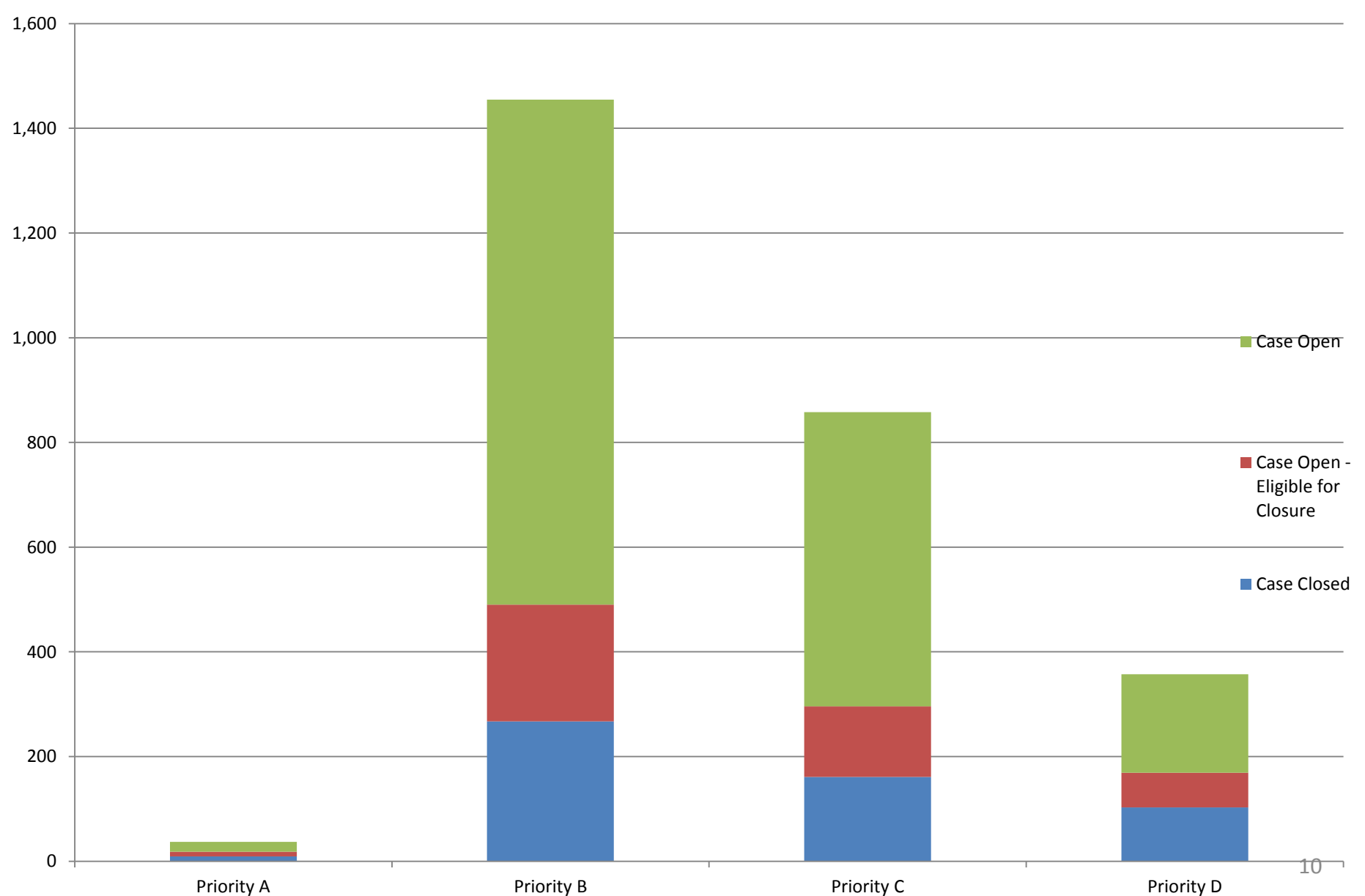




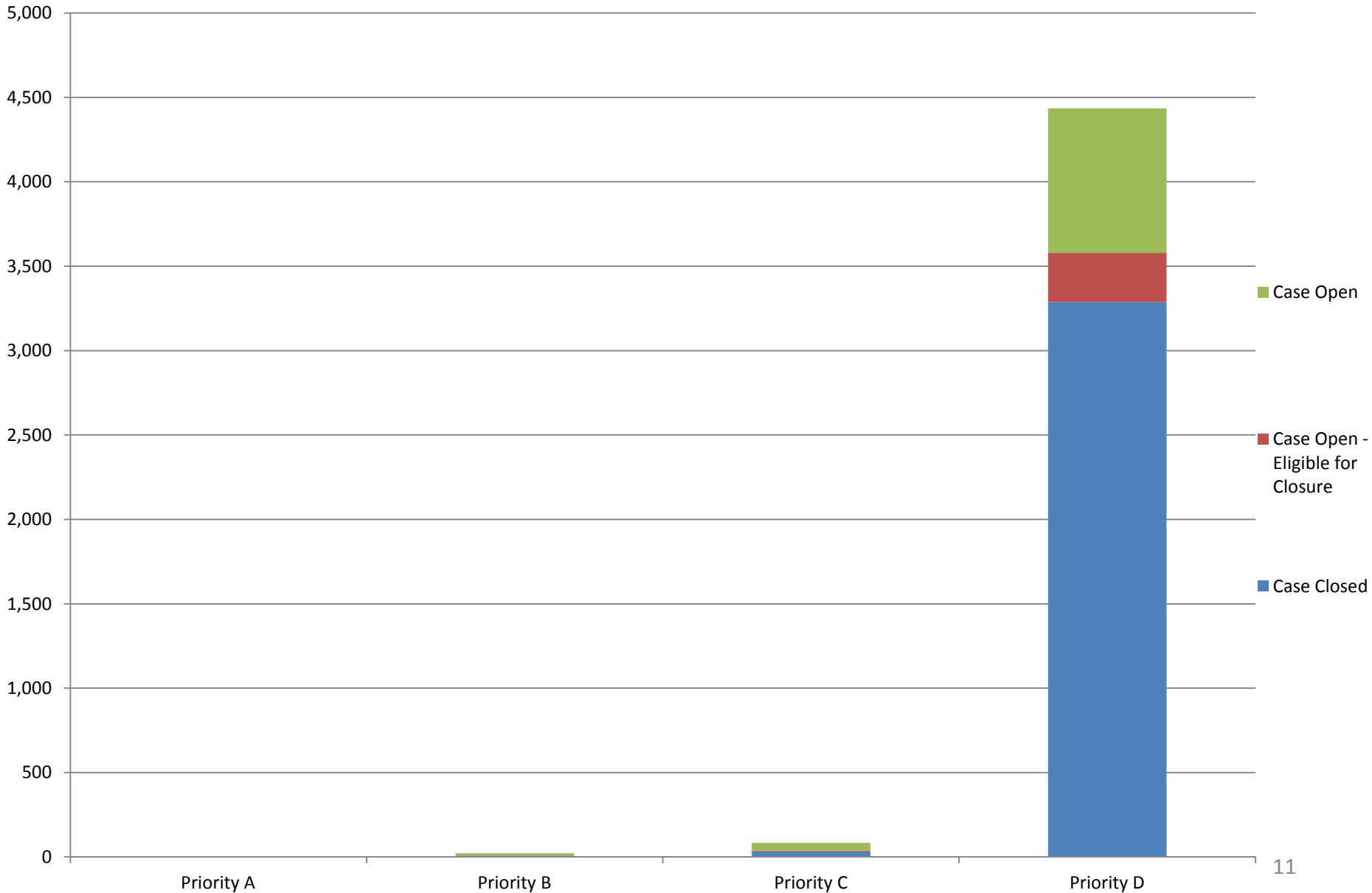
# CASE STATUS: ALL FUND CLAIMS



# CASE STATUS: ACTIVE CLAIMS



# CASE STATUS: PRIORITY LIST CLAIMS



# CLAIMS BY PRIORITY CLASS since 1992

PRIORITY CLASS	CLOSED CLAIMS	ACTIVE CLAIMS	PRIORITY LIST CLAIMS	CLAIM REIMURSE- MENTS (July 2012)
A	409	65	0	\$0.04B
B	3,520	1,455	21	\$1.40B
C	3,034	858	83	\$1.16B
D	1,291	357	4,435	\$0.60B
TOTAL = 16,025	8,254	2,707	4,539	\$3.20B <sub>2</sub>

# 3. RECENT CHANGES

# DRIVERS TO USE UST CLEANUP FUND MORE EFFECTIVELY

- Audit and Task Force Recommendations
- Fraud, Waste, and Abuse
- Reduced Revenues
- Rising Costs

# RISING COSTS

- AVERAGE case has been open 17 years
- Many cases not yet assessed, so future costs unknown
- Every year more costs are incurred  
(17 yr X \$30K/yr monitoring only = \$510K)
- Dramatic increase in corrective action costs over time:
  - Closed claims averaged \$180,000/claim
  - Open claims average \$500,000/claim and counting

# RECENT DEVELOPMENTS

- Recent Laws: AB 358, AB 291, AB 1701, AB 1715
- State Water Board Resolutions
- New Closure Policy
- Discovery of Fraud, Waste, Abuse



# FUND ACTIONS FOR FISCAL MANAGEMENT

- Deadline to submit “Old Costs” (< July 2011)
- Ensure Claimants know how much money is available for reimbursement for ongoing work via “Annual Site Budgets”
- Give priority to all site closeout claims & Priority A & B claims
- Activate A, B & Schools claims
- Activate D’s as necessary to meet 14%
- Meet 14% payout with currently active C’s

# IMPROVED PROTOCOLS

- Claimant signature on key documents
- RRs include information required by law
- Key remediation system information
- Requesting database upgrade to accept data online for automated data quality checking
- Implementing Payment Processing Improvement Plan

# FUND CASE REVIEWS

(8/17/12 – 6/1/13)

Fund Previously Recommended Pursue Closure (<8/17/12)	Reviews not Complete	Closure Criteria Not Met	Closure Criteria Met					TOTAL
			Pre-Public Notice by State Board	In Public Notice by State Board	Closures Ordered by State Board	Closures Planned by Regulatory Agencies	Closures by Regulatory Agencies	
552	83	27	88	25	23	165	141	442

# LOP FY 13/14 Contracts

- 1<sup>st</sup> year administered by DFA
- 19 of 21 LOPs with contracts
- As caseloads change from year to year, contract dollars may change.
- Scope is focused on priorities of the Board [new laws, Closure Policy, and Board resolutions]

# REPORTS ON WEB

- **Annual Reports**
- **Quarterly Reports:**
  - Fund stats by quarter
  - Status of claims
  - RRs received, reviewed, paid
  - Accounts receivable owed to Fund
  - Five year reviews
  - Year-end summary

# 4. LOOKING FORWARD

# **PROGRAM WIND-DOWN**

## **Needed Deadlines for an Orderly Wind-down**

- Switch to other financial assurance mechanisms for operating USTs
- Deadline for new claim application and eligibility determination
- Deadline for submittal and processing of requests for reimbursement

# PROGRAM WIND-DOWN

## Special Fund Programs Can Help With Wind-down

- Schools Account =  
Higher priority for reimbursement
- Commingled Plume Account =  
Pools funds available to multiple claims
- Orphan Sites (OSCA) =  
Brownfields
- Emergency, Abandoned, Recalcitrant (EAR) =  
Serious problem sites



# ON THE WEB

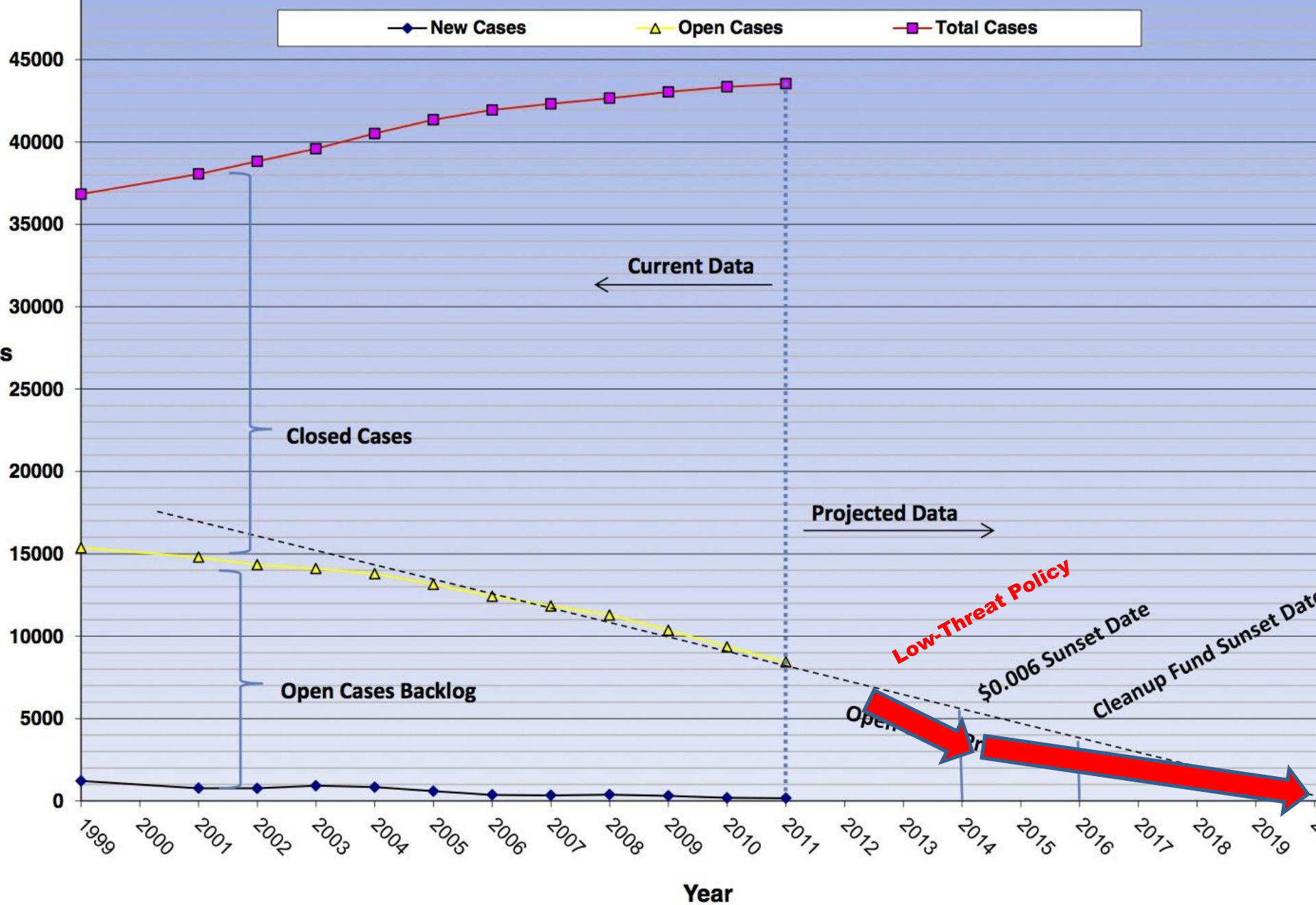
## UST Cleanup Fund – including Annual & Quarterly Reports:

[http://www.waterboards.ca.gov/water\\_issues/programs/ustcf/](http://www.waterboards.ca.gov/water_issues/programs/ustcf/)

## UST Program:

[http://www.waterboards.ca.gov/water\\_issues/programs/ust/](http://www.waterboards.ca.gov/water_issues/programs/ust/)





# AB 1715 & REVIEW SUMMARY REPORTS

